



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Salt Lake Field Office
2370 South 2300 West
Salt Lake City, Utah 84119
ph: (801) 977-4300; Fax: (801) 977-4397
www.ut.blm.gov/saltlake_fo



IN REPLY REFER TO:

3809 U-87834 (UTW011)

AUG 1 - 2011

RECEIVED

AUG 03 2011

DIV. OF OIL, GAS & MINING

Mr. Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Ave
Reno, NV 89502

Dear Mr. Havenstrite:

On February 18, 2011, The Bureau of Land Management (BLM) Salt Lake Field Office received the third draft of your Plan of Operations (Plan) for the Kiewit Mine Project serialized UTU-87834 (UDOGM permit M/045/0078). Since that time we have received some of the additional information that was previously requested in a letter from BLM dated December 3, 2011. The additional information included a Meteoric Water Mobility Procedure (MWMP) report received on May 25, 2011, and a Rock Characterization Report received on May 30, 2011.

Consistent with the surface management regulations at 43 CFR 3809.411(a), the BLM has reviewed your Plan and the additional information submitted to determine if it meets the content requirements at 43 CFR 3809.401(b). Based on our review, the following additional information and revisions are required in order for the Plan to be complete:

- 1) R647-4-104, Operator, Surface and Mineral Owners, information needs to be changed to reflect the new address of the operator.
- 2) Paragraph 5 in the introduction of your plan includes the statement "The Yellow Hammer Mine, Clifton Shears and Process facility are located on private property and not subject to NEPA review". This statement should be revised or deleted. The related activities/facilities located on private land are considered to be "connected actions" to the Kiewit Mine (located on public land) and therefore will need to be included in any Environmental Analysis required under NEPA.
- 3) Section 106.2, Paragraph 1 contains the statement "There is essentially no sulfur (or sulfides) remaining in the granodiorite to result in any type of acid generation". Please revise the statement as your laboratory results do not support that assertion.

- 4) Section 106.2 - Mining Operations contains the statement "The Kiewit Pit and portions of the haul roads are the only publically [sic] owned property included in the project". This statement needs to be revised to include the settlement pond/containment pond and the associated sediment ditch.
- 5) Section 106.4, Paragraph 1 contains the statement "Sulfide content in the material mined is nil". Please revise or delete this statement as your laboratory results do not support this assertion.
- 6) In order to characterize the site specific Geology/Hydrogeology, Appendix XIX, Water Resource Report, should include copies of well drilling or geologic logs, Refer to the December 3, 2011 letter from BLM, item 5). More specifically, provide copies of logs for the drill holes referenced in Appendix XV, Groundwater Discharge Permit Application, A.9. This includes the "three holes in proximity to Rodenhouse Wash and northeast and down gradient of the permit area" drilled by Dumont Mining as well as the "approximately 50 others within the area of the permit application".
- 7) Appendix XIX, Water Resource Report, I.1.b, please specify which mountain range you are referring to.
- 8) Appendix XIX, Water Resource Report, I.2.b, states "One deep hole was drilled immediately west of the proposed mine site in Rodenhouse Wash." Provide a copy of the well drilling or geologic log.
- 9) Appendix XIX, Water Resource Report, I.2.e, states that the water table is "uncontained". Please clarify or change to unconfined.
- 10) Appendix XIX, Water Resource Report, II.1, lists the project location. To clarify, BLM is asking for the locations of Springs/Streams and Wells, not the project location. Refer to the December 3, 2011 letter from BLM, Item 5), II.1.
- 11) Appendix XIX, Water Resource Report, Section II, should include the locations (UTM coordinates) of all the water sources identified by the Utah Division of Water Rights referenced in A.9 of your Groundwater Discharge Permit Application and shown on the map in Appendix D, Figures GWP-2A, and GWP-2B (Water Sources Plats) of the same document. Include all available data for these water sources as previously requested in the December 3, 2011 letter from BLM, Item 5), II.1 through II.8.
- 12) Appendix XIX, Water Resource Report, section II.3 refers to "ground water sampled from other wells in the area". Please specify the location of these wells and provide any available data associated with the wells as specified in 11) above.

- 13) Appendix XIX, Water Resource Report, section II.4, lists the average daily temperature extremes for the project location. To clarify, BLM is asking for the temperature of Springs/Streams and Wells, not the temperature of the project location. Refer to the December 3, 2011 letter from BLM, Item 5), II.4.
- 14) Appendix XIX, Water Resource Report, section II.8, lists the habitat types in the mine/project area. To clarify, BLM is asking for the habitat types associated with Springs/Streams and Wells, not the project location. Refer to the December 3, 2011 letter from BLM, Item 5), II.4.
- 15) Revised Appendix V [in the document submitted by North American Exploration (NAE), dated May 27, 2011], Rock Characterization Tests and Analysis, Section 3.1, Mineralogical Analyses, states "ten core samples collected from the proposed Kiewit Mine have been analyzed using X-Ray Fluorescence (See Exhibit 8)". Only 4 samples were analyzed using XRF. Also, the results are presented in Exhibit 7, not Exhibit 8.
- 16) Appendix V, Rock Characterization Tests and Analysis - Samples should be located in three dimensions by showing them on cross sections that include pre- and post mining topography, as previously requested in the December 3, 2011 letter from BLM in Item 4), III.3.
- 17) Revised Appendix V, Rock Characterization Tests and Analysis, Section 3.2, Static Tests. Please specify what results are found in exhibit 9 (i.e. carbon and sulfur lab results used to calculate Net Carbonate Value). Please include a summary table in 3.2 with the carbon and sulfur results along with the derived Net Carbonate Value.
- 18) Revised Appendix V, Rock Characterization Tests and Analysis, Section 4.1, first sentence, delete reference to Exhibit 6.
- 19) Meteoric Water Mobility Procedure (MWMP) report from NAE dated May 25, 2011. The introduction of the report states samples were collected in conjunction with Stephen Allen. Please revise; Mr. Allen was not present when the samples were collected.
- 20) Meteoric Water Mobility Procedure (MWMP) report from NAE dated May 25, 2011. The detection limits for some of the trace metals analyses are above the Utah Department of Environmental Quality (DEQ) ground water quality standards (GWQS), rendering the results meaningless. You will need to re-analyze the samples for the following metals using detection limits of no more than one half the DEQ GWQS: arsenic, cadmium, lead, mercury, and thallium. You will also need to analyze for the following metals not included in the original analysis, using detection limits of no more than half the DEQ GWQS: antimony, beryllium, and selenium.

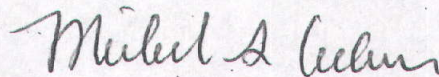
- 21) In order to show that the proposed uses and activities will prevent or avoid unnecessary or undue degradation, you must show that they will conform to all applicable federal and state environmental standards by obtaining all required permits and authorizations and meeting the standards required by state and federal law.

In accordance with §3809.412, you are not authorized to engage in any of the activities described in your Plan until this office determines that it is complete, the appropriate level of environmental review under NEPA is completed, you provide the financial guarantee required under §3809.552, the financial guarantee is accepted and successfully adjudicated, and BLM notifies you that you may begin operations.

Please submit the requested information within 60 days of receipt of this letter. If we do not receive the requested information from you in the allotted time, we will consider your Plan to be withdrawn.

If you have any questions, or require additional information, please contact Stephen Allen of my staff at (801) 977-4360.

Sincerely,



Michael G. Nelson
Assistant Field Manager,
Nonrenewable Resources

cc: Mr. O. Jay Gatten, North American Exploration, Inc. 447 North 300 West, Suite #3
Kaysville, Utah 84037-4203

UDOGM, Leslie Heppler, 1594 West No. Temple, Ste. 1210# Box 145801, SLC, UT
84114-5801